



Patrick W. Henning, Director  
January 18, 2008  
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Arnold Schwarzenegger  
Governor

Ms. Kathy Kossick, Executive Director  
Sacramento Employment and Training Agency  
925 Del Paso Boulevard  
Sacramento, CA 95815

Dear Ms. Kossick:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Sacramento Employment and Training Agency's (SETA) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Mechelle Hayes from September 24, 2007, through September 28, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SETA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with SETA representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, SETA's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on December 19, 2007, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 2 and 5 cited in the draft report, no further

action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan (CAP) during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80013 and 80016. However, SETA's response did not adequately address findings 1, 3, and 4 cited in the draft report and we consider these findings unresolved. We request that SETA provide the Compliance Review Division (CRD) with additional information and/or a CAP to resolve the issues that led to these findings. Therefore, these findings remain open and have been assigned CATS numbers 80012, 80014, and 80015.

### **BACKGROUND**

SETA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, SETA was allocated: \$3,310,363 to serve 957 adult participants; \$2,547,953 to serve 876 youth participants; and \$2,797,032 to serve 674 dislocated worker participants.

For the quarter ending June 30, 2007, SETA reported the following expenditures for its WIA programs: \$3,056,743 for adult participants; \$3,713,313 for youth participants; and \$2,192,793 for dislocated worker participants. In addition, SETA reported the following enrollments: 958 adult participants; 526 youth participants; and 672 dislocated worker participants. We reviewed case files for 40 of the 2,156 participants enrolled in the WIA program as of September 24, 2007.

### **PROGRAM REVIEW RESULTS**

While we concluded that, overall, SETA is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: 90-day gap in service, Job Training Automation (JTA) reporting, nondiscrimination/equal opportunities (EO) provisions, grievance/complaint procedures, and supportive services. The findings that we identified in these areas, our recommendations, and SETA's proposed resolution of the findings are specified below.

#### **FINDING 1**

**Requirement:** WIA Section 185(c)(2) states, in part, that each local board and recipient receiving funds shall maintain comparable management information systems (MIS), designed to facilitate the uniform compilation and analysis of programmatic, participant and financial data necessary for monitoring and evaluating purposes.

In addition, WIA Section 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

The Department of Labor, Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that the term program exit means a participant has not received a service funded by the program or funded by a partner program for 90 consecutive calendar days, and is not scheduled for future services. The exit date is the last date of service.

Additionally, TEGL 17-05 states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

**Observation:**

We found 10 of 40 case files included gaps in service that ranged between 98 and 268 days. Although SETA attempted to contact these participants through the mail, e-mail, and telephone messages, no services were provided to these ten participants. One of ten participants was exited by SETA at the time of our on-site review after a 161-day gap in service.

Subsequent to our review, SETA provided documentation to substantiate that one participant was exited on September 24, 2007, and that another was exited on September 28, 2007.

**Recommendation:**

We recommended that SETA provide CRD with a CAP, including a timeline, explaining how it will ensure that, in the future, no more than 90 days will lapse without providing and documenting services provided to participants, or exit the participants as of the last date of receipt of service and ensure that the exit information is recorded in the JTA system.

We also recommended that SETA provide CRD with documentation to demonstrate that either services are being provided to the seven participants noted above or that they were exited from the WIA program.

**SETA Response:** SETA stated that it will implement a policy, effective January 8, 2008, which:

- Limits the estimated end date for an activity to a maximum of 90 days with the exception of training activities.
- Requires case managers to conduct a monthly review of estimated end dates for activities.
- Requires case managers to utilize a "tickler system" in the Smartware case management system to set up 30-day service and/or follow-up reminders and documentation of services.
- Updates SETA Directive 03-01, Revision #3 to implement the above, and clarify definition of Exit as "no services provided for 90 days". Exit date is the last day participant received services.

Additionally, SETA provided additional documentation regarding the seven participants above. The documentation demonstrates that one participant is active and receiving services and four participants were exited. However, the documentation for two of the participants does not demonstrate program services are being provided to the participants or that they were exited.

**State Conclusion:** SETA's documentation is sufficient for five of the seven participants; however, we cannot resolve the issue at this time. We recommend that SETA provide CRD with documentation to demonstrate that services are being provided to the remaining two participants or exit them from the WIA program. Until then, the issue remains open and has been assigned CATS number 80012.

## **FINDING 2**

**Requirement:** WIA Section 185(c)(2) states, in part, that each local board and each recipient receiving funds shall maintain comparable management information systems designed to facilitate the uniform compilation and analysis of programmatic, participant, and financial data necessary for monitoring and evaluating purposes. In addition, WIA Section 185 (d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are

enrolled, and the length of time that participants are engaged in such programs and activities.

20 CFR Section 667.300 (b)(1) states, in part, that a state or other direct grant recipient may impose different forms or shorter formats, shorter due dates, and more frequent reporting requirements on subrecipients.

WIAD04-17 states, in part, that all recipients of WIA funds will submit client data via the JTA system, complying with the specifications for each data field. Additionally, this directive defines activity codes for the enrollment forms.

**Observation:**

We found five participants were attending non-WIA funded training services, but this activity was not reported to the JTA system. Additionally, we found four participants received supportive services, but this activity was not reported to the JTA system. Subsequent to our review, SETA provided updated registration forms demonstrating that the activity codes were updated for all identified participants.

We found a similar issue during SETA's PY 2005-06 and 2006-07 Program reviews.

**Recommendation:**

We recommended that SETA provide CRD with a CAP to ensure that, in the future, all participant activities are reported to the JTA system.

**SETA Response:**

SETA stated that it has updated the JTA records to reflect that the participants noted above are enrolled in non-WIA training and/or Supportive Services. Additionally, SETA updated its Supportive Service Directive #06-02 to require:

- Site Supervisors to verify that Support Services (Activity Code 81) is reported in the JTA system prior to forwarding the Financial Assessment form to the Fiscal Department for payment.
- The Fiscal Department staff to verify enrollment into Activity 81 prior to issuing a check.

However, SETA stated that while it has taken corrective action, SETA contests this finding. The information on non-WIA training and supportive services is clearly stated in SETA's case

management system and in hard copy file. SETA also stated that entering the information into the JTA system is duplicative and unless it is the only activity provided in a 90-day period, it is useless in terms of providing performance information.

**State Conclusion:** SETA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, SETA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80013.

### **FINDING 3**

**Requirement:** 20 CFR Section 667.275 states, in part, that recipients must comply with the nondiscrimination and EO provisions of WIA Section 188 and its implementing regulations codified at 29 CFR part 37.

29 CFR Section 37.29(a)(2) states, in part, that a recipient must provide initial and continuing notice that it does not discriminate on any prohibited ground. This notice must be provided to participants.

29 CFR Section 37.30 states, in part, that the notice must contain the specific wording as stated in the "Equal Opportunity Is the Law" and "What to Do If You Believe You Have Experienced Discrimination" notices.

WIAD01-21 states, in part, that initial and continuing notice of nondiscriminatory practices and the right to file a complaint must be:

- Made available to each participant; and
- Included in each participant's file. A copy of the acknowledgement of receipt must be signed by the participant. Where the participant's file is maintained electronically, a record of such notice shall be documented in the participant's file.

**Observation:** We found that SETA's nondiscrimination notice to participants does not contain the specific wording as stated in the "Equal Opportunity Is the Law" notice. Instead, SETA's notification

refers participants to regulations rather than describing the bases/areas by which it is against the law for SETA to discriminate.

**Recommendation:** We recommended that SETA revise the nondiscrimination information provided to participants to contain the information required by WIAD01-21. In addition, we recommended that SETA provide CRD with a CAP, including a timeline, stating how it will ensure that all active participants receive the revised notice, and that the acknowledgement of receipt and the revised notice are maintained in the participant's case file.

**SETA Response:** SETA stated that while its current WIA Complaint/Grievance form does not quote the specific language in the "Equal Opportunity is the Law", it clearly states that if a participant believes they have been discriminated, they may file a complaint with SETA. Additionally, SETA's current WIA Complaint/Grievance form contains relevant regulations and a contact person. Finally, SETA requires all career centers/contractors to post the Equal Opportunity is the Law notice in a public area of their office.

SETA is willing to revise the Non-Discrimination information of its WIA Complaint/Grievance form to incorporate the language noted above by January 31, 2008. However, SETA does not agree that it is necessary to ensure that all active participants receive the revised notice. All active participants have signed and received a notice that informs them of their rights and where they can receive more information and assistance.

**State Conclusion:** Based on SETA's response, we cannot resolve this issue at this time. Although SETA agreed to revise its WIA Complaint/Grievance form, SETA disagrees with the recommendation to ensure all active participants receive the revised notice. Therefore, we, again, recommend that SETA provide CRD with a CAP, including a timeline, stating how it will ensure that all active participants receive the revised notice, and that the acknowledgement of receipt and the revised notice are maintained in the participant's case file. Until then, this finding remains open and has been assigned CATS number 80014.

**FINDING 4**

**Requirement:** 20 CFR Section 667.600 states, in part, that the local area must provide information about its programmatic grievance and complaint procedures required by this section to participants and other interested parties

WIAD03-12 requires, in part, that initial and continuing notice of the local grievance and complaint procedures must be made available to each participant. A copy of a written description of the local grievance and complaint procedure shall include:

- Notification that the participant has the right to file a grievance or complaint at any time within one year of the alleged violation;
- Instructions and timeline for filing a grievance or complaint; and
- Notification that the participant has the right to receive technical assistance.

The local areas have the responsibility to provide technical assistance to the complainants, including those grievances or complaints against the local area. Such technical assistance includes providing instructions on how to file a grievance or complaint, providing relevant copies of documents such as the WIA, regulations, local rules, contracts, etc., and providing clarifications and interpretations of relevant provisions.

**Observation:** We found that SETA's local grievance and complaint procedures provided to participants does not:

- Notify participants of the opportunity for an informal resolution.
- Notify participants that hearings on any grievance or complaint shall be conducted within 30 days of filing of a grievance or complaint or that the complainant and the respondent must be notified in writing of the hearing 10 days prior to the date of the hearing.
- Provide notification that the participant has the right to receive technical assistance in filing the complaint.
- Provide the contact information for appealing a decision with the State of California's Employment Development Department.



**Recommendation:** We recommended that SETA revise its local grievance and complaint procedures provided to participants to contain the information required by WIAD03-12. In addition, we recommended that SETA provide CRD with a CAP, including a timeline, stating how it will ensure that all active participants receive the revised procedures and that the acknowledgement of receipt and revised procedures are maintained in the participant's case file.

**SETA Response:** SETA stated that its current grievance procedure includes the following sentence: "Upon receipt of such complaint or grievance, SETA will process the matter consistent with SETA's complaint Resolution Procedure and will provide for an informal resolution or hearing of the matter within 60 days of filing the grievance and complaint". SETA's Complaint/Grievance procedure also states that the grievance or complaint may be appealed to the State of California, Employment Development Department and includes contact information for SETA's EEO Officer, Rod Nishi, and the U.S. Department of Labor Civil Rights Center. When contacted, Mr. Nishi offers all participants technical assistance in filing their complaint.

SETA is willing to revise the Complaint Procedure to change the notification dates/timelines, incorporate the right to receive technical assistance, and add contact information for the State of California by January 31, 2008. However, SETA does not agree that it is necessary to ensure that all active participants receive the revised notice. All active participants have signed and received a notice that informs them of their rights and where they can receive more information and assistance.

**State Conclusion:** Based on SETA's response, we cannot resolve this issue at this time. Although SETA agreed to revise its WIA Complaint/Grievance form, SETA disagrees with the recommendation to ensure all active participants receive the revised notice. Therefore, we, again, recommend that SETA provide CRD with a CAP, including a timeline, stating how it will ensure that all active participants receive the revised notice, and that the acknowledgement of receipt and the revised notice are maintained in the participant's case file. Until then, this finding remains open and has been assigned CATS number 80015.

**FINDING 5**

**Requirement:** OMB Circular A-87(c)(1) states, in part, that to be allowable under Federal awards, costs must be adequately documented.

20 CFR Section 663.805(b) states, in part, that supportive services may only be provided when they are necessary to enable individuals to participate in WIA activities.

**Observation:** We found a participant who was reimbursed \$500 to purchase items including chemical spray, baton, and a handgun. The items were purchased on July 6, 2007. A contingent job offer letter, dated August 1, 2007, did not include any information indicating that the participant needed these items to begin employment.

Subsequent to our on-site review, SETA provided an e-mail (subject line – Security Duty Equipment Items) from the employer that listed the items for which the participant received reimbursement. However, this e-mail did not state that the participant was required to purchase these items to be hired by the employer.

**Recommendation:** We recommended that SETA provide CRD with documentation that demonstrates that the participant needed the above items as a condition of his employment. Additionally, we recommended that SETA provide CRD with a CAP to ensure that supportive services are adequately documented prior to payment.

**SETA Response:** SETA stated that it is instituting the following CAP to ensure that supportive services are adequately documented:

- SETA Program Directive #06-02 already requires specific documentation that demonstrates the need for supportive services. If requests appear unreasonable, or if there are questions, Fiscal Department staff will contact the case manager or their supervisor for clarification and may request additional documentation.
- SETA has instructed its Fiscal Department staff that documentation for work tools or equipment must include a letter from the employer stating that the items are needed as a condition of employment. Prior to payment, Fiscal Department staff will carefully review all supportive service

claims for work tools or equipment to ensure that adequate documentation exists.

Finally, SETA provided CRD with an employer letter stating that the participant needed the items noted above as a condition of his employment.

**State Conclusion:** SETA's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future onsite visit, SETA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80016.

In addition to the findings above, we identified a condition that may become compliance issue if not addressed. Specifically, we observed that SETA's Workforce Investment Board lacks sufficient labor representatives to achieve the 15-percent labor organization representation required by SB 293. However, SETA stated that it is working to achieve the 15-percent labor organization representation. We suggested that SETA continue its efforts to recruit the required percentage of labor organization representation.

In its response, SETA did not address our concern.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than February 20, 2008. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Division  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SETA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SETA's responsibility.